

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 TRSE-00 OMB-01

SCI-06 SCEM-02 NEA-10 CIEP-02 STR-08 AEC-11 IO-14

EA-11 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 DRC-01

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R 191148Z DEC 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5552

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY MADRID

USMISSION EC BRUSSELS UNN

C O N F I D E N T I A L PARIS 32346

MADRID FOR THE SECRETARY

E.O. 11652: GDS

TAGS: ENRG, EGEN, FR

SUBJECT: VIEWS OF GOF OFFICIAL ON ENERGY SITUATION FOLLOWING
COPENHAGEN

1. FREYCHE, ECONOMIC AND FINANCIAL ADVISOR TO PRESIDENT
POMPIDOU, HAS GIVEN US HIS IMPRESSIONS OF THE CURRENT ENERGY
SITUATION IN THE EC FOLLOWING THE DECISIONS OF THE COPENHAGEN
SUMMIT. HE FIRST NOTED THAT THE DISCUSSION OF THE
ENERGY PROBLEM AT THE SUMMIT HAD BEEN CARRIED ON WITHOUT ANY
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EXPRESSION OF ANTAGONISM BY ANY OF THE PARTICIPANTS. WHEN ASKED

WHETHER HE CONSIDERED THAT THE SUMMIT HAD INCREASED THE SOLIDARITY OF THE EC IN THE FACE OF THE ENERGY CRISIS, FREYCHE REMARKED THAT THE GOF HAD BEEN FIRMLY ON RECORD AS FAVORING SOLIDARITY LONG BEFORE THE CURRENT CRISIS. LAST SPRING IN AN EFFORT TO STRENGTHEN EC SOLIDARITY, IT HAD PROPOSED A COMMUNITY ENERGY POLICY, INCLUDING A COMMUNITY-WIDE SYSTEM FOR CONTROLLING (BUT NOT NATIONALIZING) COMMUNITY OIL COMPANIES AND A COMMUNITY STOCKPILING SCHEME. THESE PROPOSALS HAD BEEN REJECTED BY FRANCE'S PARTNERS. THUS IT WAS NOT FRANCE WHICH WAS THE OBSTACLE TO SOLIDARITY.

2. TURNING TO THE COPENHAGEN MEETING, FREYCHE SAID THE PARTICIPANTS HAD FIRST SURVEYED THE CURRENT SUPPLY SITUATION IN THE EC. IT EMERGED FROM THIS RAPID ASSESSMENT THAT THE DUTCH SITUATION WAS NOT TOO UNFAVORABLE INsofar AS SUPPLIES FOR THE DUTCH MARKET WERE CONCERNED. INTERNAL CONSUMPTION IN THE NETHERLANDS WAS 35 MILLION TONS A YEAR AND THERE WAS NO QUESTION BUT THAT THE DUTCH WOULD GO ON GETTING THIS AMOUNT. TOTAL DUTCH IMPORTS, HOWEVER, WERE 100 MILLION TONS A YEAR AS A CONSEQUENCE OF THE DUTCH POLICY OF MAINTAINING ROTTERDAM AS AN INTERNATIONAL REFINING CENTER. WHETHER IMPORTS DESTINED FOR REFINING AND RE-EXPORT COULD BE MAINTAINED AT THAT LEVEL WAS QUITE ANOTHER PROBLEM. AMONG EC COUNTRIES, FREYCHE SAID, IT WAS THE GERMANS RATHER THAN THE DUTCH WHOSE SITUATION WAS THE MOST DIFFICULT. IN ANY CASE, THE OVERALL SITUATION DID NOT SEEM TO JUSTIFY MEASURES GOING BEYOND THOSE CALLED FOR IN THE COMMUNIQUE.

3. FREYCHE REPEATED THAT GOF WAS STILL COMMITTED TO EC SOLIDARITY ON ENERGY BUT THIS WOULD HAVE TO APPLY ACROSS THE BOARD AND INCLUDE ALL ENERGY RESOURCES, INCLUDING NUCLEAR ENERGY.

AS FOR THE IMMEDIATE FUTURE, GIVEN THE TACIT AGREEMENT OF THE SUMMIT NOT TO ADOPT AN OIL SHARING SCHEME FOR THE TIME BEING, HE RECOGNIZED THAT THE DE FACTO SHARING SCHEME OPERATED BY THE INTERNATIONAL OIL COMPANIES WOULD CONTINUE. HE SAID THAT GOF WAS NOT VERY HAPPY WITH THIS SITUATION SINCE IT WAS EVIDENT THAT OIL SUPPLIES INTENDED FOR THE EC WERE BEING DIVERTED TO OTHER DESTINATIONS.

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4. FREYCHE ALSO EXPRESSED A PURELY PERSONAL VIEW ON SECRETARY KISSINGER'S PROPOSAL FOR AN ENERGY ACTION GROUP. HE SAID THAT THE EC GOVERNMENTS HAD NOT BEEN OFFICIALLY SEIZED OF THIS PROPOSAL AS OF THE TIME OF THE COPENHAGEN MEETING AND THUS DID NOT CONSIDER IT OFFICIALLY. ALTHOUGH THERE WAS STILL NOT AN OFFICIAL GOF POSITION ON THE PROPOSAL, IT WAS HIS IMPRESSION THAT THE GOF PREFERRED THE FORMULA CONTAINED IN THE SUMMIT COMMUNIQUE FOR A STUDY WITHIN THE OECD OF WAYS OF DEALING

WITH THE ENERGY PROBLEM. HE BELIEVED SUCH A PROCEDURE WOULD BE LESS PROVOCATIVE THAN ESTABLISHMENT OF SPECIAL GROUP. BY WORKING QUIETLY AND WITHOUT FANFARE WITHIN OECD, CONSUMING COUNTRIES COULD DRAW UP CONTINGENCY SHARING PLAN WITHOUT ATTRACTING UNDUE ATTENTION.

5. COMMENTING ON IMPACT OF OIL BOYCOTT, FREYCHE RECOGNIZED THAT, IF THE ARAB COUNTRIES CONTINUED THEIR CUTS FOR FOUR OR FIVE MONTHS MORE, THE CONSEQUENCES FOR EUROPE WOULD BE "DRAMATIC". HOWEVER, HE SAID HE DID NOT EXPECT MATTERS TO COME TO THIS PASS, ADDING THAT THE U.S. ROLE IN PREVENTING THIS WOULD BE CRUCIAL.

6. COMMENT: FREYCHE'S VIEWS ON ENERGY ACTION GROUP PROPOSAL ARE ENTIRELY HIS OWN AND SHOULD NOT BE TAKEN AS OFFICIAL EXPRESSION OF GOF POSITION. NEVERTHELESS, THEY REFLECT THE INSTINCTIVE REFLEX WITH WHICH THE FRENCH COULD BE EXPECTED TO REACT TO THE PROPOSAL. IN THE FINAL ANALYSIS, HOWEVER, THE GOF RESPONSE WILL BE DECIDED AT THE HIGHEST POLITICAL LEVEL IN THE LIGHT, NOT MERELY OF THE ENERGY CRISIS, BUT OF MUCH WIDER POLITICAL AND SECURITY INTERESTS.
IRWIN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS32346
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731216/aaaaalib.tel
Line Count: 136
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Aug-2001 by garlanwa>; APPROVED <15-Oct-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VIEWS OF GOF OFFICIAL ON ENERGY SITUATION FOLLOWING COPENHAGEN
TAGS: ENRG, EGEN, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005